

INDUSTRY STAKEHOLDER MEETING RECORD

INDUSTRY GROUP: North Carolina State Ports Authority

DATE: May 25, 2011

LOCATION: Port of Wilmington

PARTICIPANTS:

<u>NCSPA</u>	<u>Maritime Strategy Team</u>
Tom Eagar	Rachel Vandenberg
Jeffrey Miles	Eddie McFalls
Stephanie Ayers	Tommy Harrelson
	Andrew Cairns
	Kerry Simpson
	Garold Smith
	Steffanie McLaughlin

The Maritime Strategy team met with North Carolina State Ports Authority staff on May 25, 2011 from approximately 10:30 am to 4pm. The purpose of the meeting was to discuss operations and tour the terminal facilities at Port of Wilmington. An overview of operations at the Port of Morehead City was also provided by NCSPA staff. After touring the Wilmington terminal, the group then visited the port-owned property in Southport.

Port overview:

- 284 acres in current operation
- Additional ~100 acres available to the north
- Additional 96 acres potential swap with neighbor
- North property access
- Internal port access road – study conducted to relocate
- CSX line is outside port property
- Truck access via Front St, Carolina Beach to Shipyard

Cape Fear channel:

- 42' depth with tide into Wilmington Harbor
- Mean low/low depth is 38'
- Currently can handle 6500 TEU container vessels
- NCSPA is seeking water depth to handle 8500 TEU vessels and 47' MLL water depth
- Ongoing Army Corps of Engineers study includes three elements:
 - Harbor entrance
 - "S" Turn at Battery Island
 - Turning basin
- Distance to POW from open ocean is 26 miles
- New Inlet closed many years ago. NCSPA may encourage reopening – would allow ships to get to deeper water sooner, avoiding S Turn.
- Concerned about ability to maintain permitted depth
- Dredging costs continue to rise due to relative monopoly of dredge contractors. Also encounter disposal issues.

Proposed South Brunswick project (NCIT):

- O&M savings
- Proximity to deep water
- Future costs – dredge maintenance costs far less
- Ability to compete with ports south of NC, not VA
- Possible private investment
- Per NCSPA, Sunnypoint (MOTSU) is supportive of NCIT to support ammunition, personnel, and equipment moves
 - Potential military volumes not defined; would need priority access
 - Rehab of tanks, APC, trucks
 - MGTF depot - Stephanie Ayers has copy of study of potential site SE of Ft. Bragg
 - Pembroke turn important for rail access to Ft. Bragg
 - DOD wants to transfer military-owned rail spur to state
- Progress Energy
 - has spur off DOD rail
 - concerns about intake canal and security

Other regional port developments:

- Jasper County development (SCPA, GSPA):
 - Cost to develop \$5 billion, including significant mitigation
 - Probability is low that project will move forward
- NCSPA believes that Charleston is greater competitive threat in future than Savannah
- Savannah
 - Specialized systems
 - More than 6mm TEU capacity
 - 10,000 TEU vessels
 - 186' clearance

Overview of Wilmington facilities:

- Growth in container volumes: 26% this year
- General cargo up 16%
- New businesses: tanks, wood chips, fuel pellets
- Service by 4 liners, including Hanjin and CYK – typical schedule 1 Fri, 1 Sat, 1 Sun, 1 Mon
- Surge in imports dry bulk
- Ag – soybeans handled in containers
- Maxed in reefers – pork, poultry exported to south
- Inability to serve legacy industries – furniture manufacturers require near-port distribution center model; inability to handle larger vessels; limited liner service
- Concern about losing Trans Pacific traffic with shift to larger vessels – if lost, what would replace it?
- Trans Atlantic – not seeing bigger ships in near term
- Bulk, breakbulk, military, ag
- Charlotte intermodal facility – containers into / out of Wilmington and other ports
 - CKYH use property – reach stackers/ container storage on chassis
 - Lift on/Lift off service
 - NS / Charlotte airport facility – will provide benefit to competitor ports; not much input solicited from NCSPA
- Exports – lumber, scrap metal

- International Paper is major export customer – fluff (wood pulp in rolls) used for diapers, bandages, etc.
- Skilled operating workforce, responsive, good at specialized handling
- Challenge to manage growth = limited capital reserves; NCSPA has limited resources – in contrast to VPA, which is supported by \$30 million annual operating subsidy from the state
- Need berth refurbishment
- Cape Fear Skyway will improve truck access to port

Overview of Morehead City facilities:

- Wood chips
- Large exporters – 15 acre dedicated to wood chipping
- Spirit: trial shipment – box 70'x16'x65'
 - GTP truck to MHC
 - NS costs higher than truck
- PCS
 - Phosphate, nitrogen
 - ½ million tons sulfur
- Rubber
- MHC well situated for liquid bulk, ag, grain
- May hit capacity - opportunities for development of Radio Island

Tour of Wilmington terminals:

- Container handling
 - 4 cranes @ 100' gage (Berth 9)
 - 4 cranes @ 50' gage (Berth 8)
 - Performed by combination of ILA (to dock) and state workers (dockside to storage area)
- Enterprise operation – handling of IP fluff
 - Moved on 4'x4' pallets that don't fit well into containers
 - NCSPA has cleaned and improved storage sheds to address sanitary needs of this product
- Grain facility – built as hedge against railroad prices for moving grain
 - Last used circa 2000
- Import and storage of rail sticks for CSX
- Wood products – previously performed on-site chipping; now exporting whole logs from site
- Vopak – tenant on NCSPA property
 - Performs own operation
 - Liquid fertilizer
- Additional property to north – 100 acres
- Cape Fear Skyway – good access to the north; remove air clearance constraints

Tour of Southport property:

- Undeveloped NCSPA-owned property surrounded by MOTSU, Progress Energy, and gypsum operation
- Good access to New Inlet, if reopened
- Wetlands along waterfront would be filled with dredge material
- Poor landside access (trucks in/out of gypsum facility use existing 2-lane roadways through town to get to highway)

Maritime Strategy Team action items resulting from the discussion include:

1. Obtain and review study for internal access road
2. Obtain access to GIS database maintained by NCSPA to include all terminal assets
3. Consider possible uses of property available to the north of existing terminal development
4. Need better understanding of potential property swap with neighbor
5. Obtain further information on berth/terminal condition assessment
6. Confirm position of DOD on potential benefits of improved container capacity near MOTSU, and also intentions related to potential transfer of military spur to state.
7. Obtain copy of MGTF study for military depot near Ft. Bragg
8. Obtain NCSPA input on operational survey (container, bulk, and breakbulk operations) for POW